

Summary of SC90139, Jason L. Rice v. Shelter Mutual Insurance Company

Appeal from the Johnson County circuit court, Judge Joseph P. Dandurand
Opinion issued Dec. 8, 2009

Attorneys: Shelter was represented by Ben T. Schmitt and Lesley Renfro Willson of Schmitt Manz Swanson & Mulhern in Kansas City, (816) 472-5310; and Rice was represented by Kirk Rahm and Gayle McVay of Rahm, Rahm & McVay PC in Warrensburg, (660) 747-5152, and Ed Dougherty of Dougherty, Modin & Holloway in Kansas City, (816) 891-9990. The Missouri Association of Trial Attorneys, which submitted a brief as a friend of the Court, was represented by Leland F. Dempsey and Ashley L. Baird of Dempsey & Kingsland PC in Kansas City, (816) 421-6868.

This summary is not part of the opinion of the Court. It has been prepared by the communications counsel for the convenience of the reader. It neither has been reviewed nor approved by the Supreme Court and should not be quoted or cited.

Overview: A man injured in an automobile accident with an uninsured vehicle seeks payment of the full amount of per-person uninsured motorist coverage of each of his family's three insurance policies rather than just the statutory minimum amount of coverage. In a unanimous decision written by Judge Zel M. Fischer, the Supreme Court of Missouri affirms the trial court's judgment awarding the man the full amount available under the policies. The policy language is inconsistent – seeming first to guarantee the additional coverage and then later seeming to limit coverage to the statutory minimum – and well-settled Missouri law requires an ambiguity in the policy language to be construed in favor of insurance for the policyholder.

Facts: Jason Rice was injured on the job when the truck in which he was a passenger was struck by an uninsured vehicle that crossed the centerline of Highway 13 in Johnson County. The truck overturned and became engulfed in flames, and Rice suffered burn injuries as a result. Rice was covered by his parents' three automobile insurance policies issued by Shelter Mutual Insurance Company; all three policies were valid and in effect at the time of the accident. Section 379.203, RSMo 2000, mandates uninsured motorist coverage of at least \$25,000 per person and \$50,000 per accident, but the Rices had purchased and paid the premiums for additional coverage. One of their policies provided uninsured motorist coverage of \$100,000 per person and \$300,000 per accident; each of the other two provided uninsured motorist coverage of \$250,000 per person and \$500,000 per accident. Part of the policies provided that uninsured motorist coverage would not apply if benefits are paid to an insured under any "compensation law" as a result of the same accident. As a result of the collision and injuries Rice sustained, benefits were paid to him pursuant to a claim filed under workers' compensation law, which the Shelter policy defines as a "compensation law." In March 2007, Rice submitted a demand to Shelter for payment of the per-person limits of all three policies, totaling \$600,000. Shelter declined to pay, relying on the exclusion language in the uninsured motorist

coverage of the policies, instead paying the statutory minimum of \$25,000 per policy, totaling \$75,000. Rice sued Shelter, seeking payment of the additional \$525,000 plus prejudgment interest. The trial court granted Rice's motion for summary judgment and awarded him \$525,000 plus nearly \$35,000 in prejudgment interest. Shelter appeals.

AFFIRMED.

Court en banc holds: Because the policy language is ambiguous, Rice is entitled to the full coverage in the amount of \$600,000 (less the \$75,000 Shelter already paid him under the policies). By purchasing the higher limits of coverage in each of their three policies, the Rices intended to be protected beyond the \$25,000 statutory minimum if they were injured by negligent operation of an uninsured motor vehicle. It is well-settled law that, in analyzing an insurance contract, the entire policy must be considered, not just isolated provisions or clauses. Here, the Shelter policies contain inconsistent provisions – first providing coverage up to the limit of liability in the declarations provisions, then excluding coverage if any benefits are provided to an insured under any compensation law, then providing that this exclusion does not apply to amounts of coverage mandated by any uninsured motorist law, and finally providing that any amount that exceeds the requirements of applicable uninsured motorist or financial responsibility laws is fully enforceable. These provisions cannot be reconciled. It is well-settled law that where one provision of a policy appears to grant coverage and another to take it away, an ambiguity exists that will be resolved in favor of coverage for the lay person who purchased the policy.